

**Exhibit C**

**Engagement Letter**



June 27, 2017

To The Official Committee of Unsecured Creditors of  
The Commonwealth of Puerto Rico

Dear Committee Members:

This letter confirms the engagement of Zolfo Cooper, LLC (“ZC”) as Financial Advisors to the Official Committee of Unsecured Creditors of The Commonwealth of Puerto Rico (the “Committee”). You have informed us that the Committee requires the assistance of Financial Advisors experienced in restructurings to assist it in analyzing the financial affairs of The Commonwealth of Puerto Rico (the “Commonwealth” or “Debtors”) as described more fully below.

We have agreed to provide such services, contingent upon the District Court for the District of Puerto Rico (“District Court”) approving our retention on our customary terms and conditions of employment and our compensation for our services and reimbursement of our out-of-pocket expenses in accordance with our customary billing practices which are outlined in the Declaration of Carol Flaton (the “Declaration”) to which this engagement letter is appended. Accordingly, until the requisite approval of the District Court has been obtained, we are not obliged to perform any services hereunder, and, in our sole discretion at any time, we may decide to cease providing such services.

It is presently anticipated that, at the request of the Committee, ZC will provide the following services:

- a) analyze the Commonwealth’s 10-year Fiscal Plan and FY2018 annual budget, operations, and related financial projections, including budgets and operation assessments and assumptions of the Commonwealth;
- b) analyze the Commonwealth’s debt capacity and proposed capital structure;
- c) review and analyze the Plan of Adjustment proposed by the Financial Oversight and Management Board (“Oversight Board”);
- d) evaluate the financial aspects of any potential financing by the Oversight Board;
- e) assist the Committee in connection with the financial aspects of negotiations with the Commonwealth;
- f) assist the Committee with meetings with the Commonwealth or other third parties, as appropriate in connection with the matters set forth herein;
- g) advise and assist the Committee and counsel in reviewing and evaluating any court motions, applications, complaints, or other forms of relief filed or to be filed by the Debtors or any other parties-in-interest;



- h) monitor Debtors' claims management process, analyze claims, analyze guarantees, and summarize claims;
- i) advise and assist the Committee in identifying and/or reviewing any preference payments, fraudulent conveyances and other potential claims or causes of action that the Debtors' may hold against third parties;
- j) advise and assist the Committee in reviewing payments made by the Commonwealth or other governmental entities to creditors;
- k) prepare documents and provide testimony in or related to the Commonwealth's Title III cases, as necessary and customary, with respect to matters on which we have been engaged to advise the Committee hereunder;
- l) in connection with all the aforementioned services, assist the Committee with communication between the Committee and the other professionals performing services for the Committee in relation to these proceedings and potential litigation related thereto; and
- m) provide other services as requested by the Committee.

In addition to the specific services listed above that ZC will perform, ZC understands that ZC will participate, at the Committee's request and to the extent appropriate, in meetings and discussions with the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board") as the Commonwealth's representative pursuant to the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA"), with other constituencies, and with their respective professionals.

Our work will be performed on a "level-of- effort" basis; that is, the depth of our analyses and extent of our authentication of the information on which our advice to the Committee will be predicated may be limited in some respects due to the extent and sufficiency of available information, time constraints dictated by the circumstances of the engagement, and other factors. Moreover, ZC does not contemplate examining any such information in accordance with generally accepted auditing or attestation standards. Rather, it is understood that, in general, ZC may rely on information which is available, disclosed or supplied to us without audit or other detailed verification of their accuracy and validity.

ZC's engagement commenced on June 27, 2017, pending the Committee's obtaining District Court approval, which will be sought to be nunc pro tunc to June 27, 2017.

It is our intention to work closely with the Committee throughout our engagement and as appropriately directed by the Committee. Regular discussions with the Committee of our engagement should facilitate our progress, enable the Committee to appropriately direct our efforts so as to avoid duplicative efforts among the professionals retained in the case, and provide the Committee with relevant information and an ongoing opportunity to confirm or request that we modify the scope of our engagement to best serve the Committee's objectives.



ZC will submit periodic oral and/or written reports summarizing our evaluations and analyses based on our work pursuant to this engagement letter. Our reports will encompass only matters that come to our attention in the course of our work that we perceive to be significant in relation to the objectives of our engagement. However, because of the time and scope limitations implicit in our engagement and the related limitations on the depth of our analyses and the extent of our verification of information, we may not discover all such matters or perceive their significance. Accordingly, we will be unable to and will not provide assurances in our reports concerning the integrity of the information used in our analyses and on which our findings and advice to the Committee may be based. In addition, we will state that we have no obligation to and will not update our reports or extend our activities beyond the scope set forth herein unless the Committee requests and we agree to do so. Written reports will not be provided to any party other than the Committee and its counsel without prior written authorization of Committee counsel.

ZC understands that the Committee has agreed to treat any information received from ZC, whether orally or in writing, with utmost confidentiality and, except as provided in this letter, will not publish, distribute or disclose in any manner any information developed by or received from us without our prior written approval. Such approval shall not be unreasonably withheld. Our approval is not needed to disclose such information to the Committee's legal counsel or if the information sought is either required to be disclosed by process of law or such information is otherwise publicly available.

ZC agrees that all information, not publicly available, which is received by us from the Committee or the Committee's counsel in connection with this engagement will be treated confidentially by our Firm, except as required by process of law or as authorized by the Committee.

ZC's fees will be based on the actual hours expended at our standard hourly rates which are in effect when the services are rendered; our rates generally are revised semi-annually. ZC will also be reimbursed for our reasonable out-of-pocket expenses including, but not limited to, costs of travel, reproduction, our legal counsel, any applicable state sales or excise taxes and other direct expenses. All such billings will be in accordance with our customary practices and in accordance with applicable guidelines of the District Court. The billing rates for professionals who may be assigned to this engagement in effect as of January 1, 2017, are as follows:

Managing Directors	US \$850 - \$1,035
Professional Staff	US \$305 - \$850
Support Personnel	US \$ 60 - \$290

ZC recognizes that this case does not involve a corporate entity but rather a U.S. territory where residents' access to basic essential services is limited. Therefore, ZC has agreed to provide an adjustment to the professional fees incurred, as set forth below. ZC has agreed, in advance, to this reduction to its fees due to Puerto Rico being a territory of the United States, the unprecedented nature of this proceeding, and the severe economic distress of the people in the territory of Puerto Rico. By this reduction, ZC further endeavors to have transparency around its fees. It is understood that ZC shall provide monthly fee statements and interim fee statements, which shall include all of its fees for hours worked. ZC shall be subject to any interim compensation orders entered by the District Court. ZC's final allowed compensation shall reflect a write off of twenty percent (20%) of the total professional fees sought during the entire case in connection with such final fee application, with the



precise fees to be waived to be designated by ZC (in its sole discretion) in connection with the final fee application process.

ZC will submit to Puerto Rico Fiscal Agency and Financial Advisory Authority, as representative of the Debtors, monthly invoices for payment of all services rendered and expenses incurred, subject to and in accordance with applicable orders of the District Court including any interim compensation orders and applicable provisions of PROMESA and any other applicable law or rules including the local rules of the District Court. ZC understands that the Committee will seek a District Court order approving this arrangement, and all such payments will be subject to final approval by the District Court.

The Committee is advised by Zolfo Cooper that any and all payments (including fees and reimbursements) by the Debtors shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding taxes imposed on ZC's overall net income imposed on it by the jurisdiction under the laws of which ZC is organized or any political subdivision thereof; all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder hereinafter referred to as "Taxes".

The Committee is advised by Zolfo Cooper that if the Debtors shall be required by law to deduct any Taxes from or in respect of any amount paid or payable to ZC, (i) the amount payable by the Debtors shall be increased by the Debtors as may be necessary so that after making all required deductions (including deductions by the Debtors applicable to additional amounts payable under this paragraph) ZC receives an amount equal to the amount it would have received had no such deductions been made, including deduction for taxes as contemplated payable by ZC hereunder including the provisions of this engagement; (ii) the Debtors shall make such deductions and (iii) the Debtors shall pay the full amount deducted to the relevant tax authority or other authority in accordance with applicable law.

The Committee acknowledges and agrees that the hours worked, the results achieved and the ultimate benefit to the parties represented by the Committee of the work performed in connection with this engagement may be variable and that the Committee and ZC have taken this into account in setting the fees hereunder. No fee payable to any other person or entity by the Debtors, the Committee or any other party shall affect any fee payable to ZC hereunder.

The Committee agrees that if any of the employees of ZC are required to testify, prepare for and appear at a deposition or produce documents, at any administrative or judicial proceeding relating to this matter, we will promptly notify you of such, tender to you our defense responding to such request and cooperate with you and our Firm will be compensated for our associated time charges at our regular hourly rates, in effect at the time, and reimbursed for reasonable out-of-pocket expenses, including counsel fees.

ZC confirms that to the best of our knowledge and belief, insofar as ZC has been able to ascertain after due inquiry, no one of the employees of ZC<sup>1</sup> is related to the Debtors, their creditors, other parties in

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<sup>1</sup> The "Zolfo Cooper" name is owned by ZC Holdings, LLC, ZC's parent company, and is used in the United States by ZC and its subsidiaries. The Zolfo Cooper name is used in Hong Kong and the People's Republic of China under license agreements, without any common ownership with ZC.



interest in the pending proceedings, or the United States Trustee or anyone employed in the Office of the United States Trustee, or holds or represents any interest adverse to any such party, except that ZC is connected with the Committee by virtue of this engagement, and ZC may represent or have represented certain of the Debtors' creditors or other parties in interest in the proceedings, or interests adverse to such creditors or other parties in interest, in matters unrelated to the Debtors' cases. Further, ZC may have engaged, been engaged by or had mutual clients with, may currently be engaging, be engaged by or have mutual clients with, and may in the future engage, be engaged by or have mutual clients with certain law firms, financial advisors, accounting firms and other professionals that are potential parties-in-interest or may become parties-in-interest, in matters unrelated to these cases.

In connection with our proposed retention by the Committee in these cases, ZC undertook to determine whether ZC had any conflicts or other relationships that might bear on our retention. ZC is and will continue to conduct a review of its professional contacts with the Debtors, their affiliates and other interested parties identified on a list ("Interested Party List") which has been or may be provided to ZC by counsel to the Committee in this proceeding. ZC has or will run the Interested Party List through ZC's relationship database ("Database"), which is an Access computer database containing names of individuals and entities that are present or recent former clients of ZC. ZC has or will review those results, which review has or will be completed under the supervision of the in-house General Counsel of ZC. None of the services that were or will be provided in the course of these other engagements: (i) is connected in any way to these cases or proceedings; (ii) will impact or conflict with or be adverse to the rights of the Committee in these cases or proceedings; and (iii) will compromise ZC's ability to provide services in these cases or proceedings. The Committee understands and agrees that its name will be added to ZC's Database.

ZC has been engaged by, currently is engaged by and in the future will likely be engaged by certain entities that are involved in these cases, including claimants or interest holders of the Commonwealth, in matters wholly unrelated to the Commonwealth, its bankruptcy cases and such parties claims against the Commonwealth. In addition, ZC is sometimes engaged by formal and *ad hoc* committees of creditors and interest holders in bankruptcy and other financial restructuring matters. Accordingly, we believe that such engagements have no bearing on the services for which ZC is being engaged under this letter. ZC will not advise any of these entities with respect to the Commonwealth's cases or have any relationships with any such entities that would be adverse to the interests of the Committee.

It should be understood that ZC's former clients and their affiliates, officers, directors, principal shareholders and their respective affiliates may have had relationships with parties in interest in these bankruptcy cases of which ZC were not informed or, subsequent to the performance of our services, may have developed relationships with such parties of which ZC are unaware.

To the best of ZC's knowledge and belief after due inquiry, except as ZC has reported to you and set forth in a schedule appended to the Declaration ZC prepared to be filed with the Court in support of our retention, none of our current or former clients (including their affiliates, officers, directors, principal shareholders and their respective affiliates) is connected to the entities set forth in the Interested Parties List.

To the extent that ZC discovers additional relationships that meet the above criteria, ZC will report them to you and the Court promptly.



The Committee agrees to use its reasonable best efforts, through the application for retention of ZC, to have the Debtor provide an indemnification to ZC and its principals, employees, subcontractors, representatives, agents and counsel, whereby:

The Commonwealth agrees to indemnify and hold harmless ZC against any and all losses, claims, damages, liabilities, penalties, judgments, awards, costs, fees, expenses and disbursements including, without limitation, the costs, fees, expenses and disbursements, as and when incurred, of investigating, preparing or defending any action, suit, proceeding or investigation (whether or not in connection with proceedings or litigation in which ZC is a party), directly or indirectly, caused by, relating to, based upon, arising out of or in connection with the engagement of ZC by the Committee or any services rendered pursuant to such engagement, unless there is a final non-appealable order of a Court of competent jurisdiction, at the trial level, finding ZC directly liable for gross negligence or willful misconduct. These indemnification provisions extend to the principals, employees, representatives, agents and counsel of ZC.

The Committee and its members agree that ZC and its personnel will not be liable to the Committee for any claims, liabilities, or expenses relating to this engagement in excess of the fees paid to ZC pursuant to this engagement, unless there is a final non-appealable order of a Court of competent jurisdiction, at the trial level, finding ZC directly liable for gross negligence or willful misconduct. In no event will ZC or its personnel be liable for consequential, special, indirect, incidental, punitive or exemplary loss, damages or expenses relating to this engagement. These limitations on liability provisions extend to the employees, representatives, agents and counsel of ZC.

The limitation on liability and indemnification contained in this engagement letter shall survive the completion or termination of this engagement. We understand that the Committee, by majority vote, may terminate this agreement. We acknowledge that neither the Committee, its individual members, nor any of its advisors or professionals (including, but not limited to Committee counsel), shall have any liability for (i) ZC's fees, expenses or other amounts payable hereunder, and (ii) any indemnification in favor of ZC by the Commonwealth.

The Committee agrees that neither it nor any of its assignees or successors shall (a) seek a jury trial in any lawsuit, proceeding, counterclaim or any other action based upon, or arising out of or in connection with the engagement of ZC by Committee or any services rendered pursuant to such engagement, or (b) seek to consolidate any such action with any other action in which a jury trial cannot be or has not been waived. The provisions of this paragraph have been fully discussed by Committee and ZC and these provisions shall be subject to no exceptions. Neither party has agreed with or represented to the other that the provisions of this section will not be fully enforced in all instances.

The Committee hereby irrevocably and unconditionally (a) submits for itself and its property in any legal action or proceeding relating to the engagement of ZC by Committee or any services rendered pursuant to such engagement, to the exclusive general jurisdiction of the District Court for the District of Puerto Rico having jurisdiction in the Title III cases, and appellate courts thereof; (b) consents that any such action or proceeding may be brought in such court and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same; (c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by



registered or certified mail (or any substantially similar form of mail), postage prepaid, to Committee at its address set forth above or at such other address of which ZC shall have been notified pursuant thereto; (d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law; and (e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection any special, exemplary or punitive or consequential damages. ZC agrees that any action or proceeding relating to the engagement of ZC by the Committee or any services rendered pursuant to such engagement shall be brought and maintained exclusively in the District Court for the District of Puerto Rico having jurisdiction in the Title III cases, and appellate courts thereof and submits to the jurisdiction of such courts for the purposes of any such action or proceeding.

The laws of New York shall govern this engagement legally, without regard to conflict of law principles.

If any provision of this engagement letter is invalid or unenforceable, the remainder of this engagement letter shall not be affected.

This engagement letter may be executed in several counterparts, each of which shall be deemed an original, and all of which shall together constitute one and the same instrument.

Notwithstanding anything to the contrary contained herein, ZC shall have the right to disclose its retention by the Committee or the successful completion of its services hereunder in advertisements describing its services placed, at its own expense, in financial and other newspapers or otherwise.

[SIGNATURE PAGES FOLLOW]



ZC looks forward to working with the Committee on this important matter. Please return a copy of this engagement letter, signed in the space provided to signify your agreement with the terms and provisions herein. If you have any questions, please call Joff Mitchell at (212) 561-4060, David MacGreevey at (212) 561-4187 or Carol Flaton at (212) 561-4073.

Very truly yours,

A handwritten signature in blue ink that reads "Zolfo Cooper LLC".

Zolfo Cooper, LLC

Agreed by:

**THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

By: The American Federation of Teachers  
Solely in its capacity as member of the Committee  
(and not in its individual capacity); authorized by  
the Committee to sign this letter

By: /s/ Mark Richard

Name: Mark Richard  
Title: Counsel to the President